

Message Text

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73

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 SWF-02 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

SAM-01 /176 W

----- 045333

R 261256Z FEB 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 0114

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY ROME

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

AMCONSUL GUAYAQUIL

UNCLAS QUITO 1275

E.O. 11652: N/A

TAGS: ETDR, EC

SUBJECT: HOSTILE COMMENTARY ON PROPOSED COOPERATION AMONG
BANANA EXPORTERS

REF: QUITO 1222

1. WHILE QUITO PRESS COVERAGE OF MANFREDO AND ALPIZAR VISIT
WAS NONCOMMITAL (REFTEL), GUAYAQUIL'S LEADING DAILY EL UNIVERSO
EXPRESSED OPEN HOSTILITY TO IDEA OF COOPERATION AMONG BANANA EX-
PORTERS IN FEBRUARY 23 ARTICLE TITLED, "CENTRAL AMERICA ATTEMPTS
TO TAKE OUR BANANA SCEPTER". ARRIVING IN COSTA RICAN PRESIDEN-
TIAL AIRPLANE THAT "BELONGED TO ROBERT L. VESCO, U.S. FINANCIER
IMPLICATED IN FINANCIAL SCANDALS", EL UNIVERSO NOTED, MANFREDO
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AND ALPIZAR SOUGHT TO CONVINCE ECUADOR IN "HERMETICALLY-

SEALED DISCUSSIONS" TO FORM A FRONT OF BANANA EXPORTERS IN THE "STYLE OF OPEC". CENTRAL AMERICANS CAME TO ECUADOR, ARTICLE ASSERTED, BECAUSE "THEY FEARED, WITH GOOD REASON, THAT IF ECUADOR COMPETES WITH AN ABLE AND PRUDENT USE OF ITS PETROLEUM RESOURCES, PANAMA AND COSTA RICA WILL SEE BANANA BOATS DISAPPEAR FROM THEIR PORTS". COSTA RICAN PLANTATIONS WERE ESTABLISHED WITH "UNLIMITED FACILITIES GRANTED BY THE STATE" TO "ELIMINATE ECUADOR FROM WORLD MARKETS"; BUT NOW "THEY COME HERE FOR ECUADOR TO SAVE THEM FROM THE INEVITABLE CRISIS THAT APPROACHES."

2. EL UNIVERSO ARGUED THAT A PRICE-RAISING SCHEME COULD NOT WORK BECAUSE WORLD SUPPLY EXCEEDS DEMAND BY A MAGNITUDE TWICE ECUADOR'S ANNUAL EXPORTS. ECUADOR IS LOCATED FURTHER FROM MARKETS AND IS THE "ONLY COUNTRY IN THE WORLD" WITH HIGH EXPORT TAXES. CITING INDUSTRY SOURCES, EL UNIVERSO STATED THAT COOPERATION AMONG EXPORTERS WOULD BE FINE IF THE OTHER EXPORTERS FIRST IMPOSED EXPORT TAXES EQUAL TO THOSE OF ECUADOR PLUS AN ADDITIONAL AMOUNT TO COMPENSATE FOR ECUADOR'S HIGHER TRANSPORTATION COSTS. THEN ECUADOR WOULD BE WILLING TO DISCUSS MARKET SHARDING ON THE BASIS 1964-65, WHEN ECUADOR POSSESSED ABOUT 33 PERCENT OF WORLD EXPORT MARKETS.

3. COMMENT:, WE BELIEVE TONE OF EL UNIVERSO ARTICLE ACCURATELY REFLECTS DEPTH OF BANANA INDUSTRY'S HOSTILITY TO COOPERATION AMONG EXPORTING COUNTRIES.
HEMENWAY

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